

TOWNSHIP OF DALTON  
MUSKEGON COUNTY, MICHIGAN

FINANCIAL STATEMENTS

MARCH 31, 2006

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name DALTON	County MUSKEGON
Fiscal Year End 3/31/2006	Opinion Date 8/03/2006	Date Audit Report Submitted to State 9/28/2006	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).



Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☐ ☒ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☒ The local unit is free of repeated comments from previous years.
12. ☐ ☒ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input type="checkbox"/>	LETTER OF COMMENTS AND RECOMMENDATIONS WILL FOLLOW	
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) RICHARD B. PARKER, CPA, PC		Telephone Number 231/893-3178	
Street Address 2264 EAST MEINERT		City HOLTON	State MI
		Zip 49425	
Authorizing CPA Signature 		Printed Name RICHARD B. PARKER	License Number 10160

DALTON TOWNSHIP MUSKEGON COUNTY  
Table of Contents

	<u>Page</u>
Independent Auditor's Report	1-2
 <b><u>BASIC FINANCIAL STATEMENTS</u></b> 	
Government-Wide Statement of Net Assets	3
Government-Wide Statement of Activities	4
Balance Sheet - Governmental Funds	5-6
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	7-8
Statement of Net Assets - Fiduciary Funds	9
NOTES TO FINANCIAL STATEMENTS	10-23
 <b><u>REQUIRED SUPPLEMENTAL INFORMATION</u></b> 	
Budgetary Comparison Schedule - General Fund	24
Budgetary Comparison Schedule - Fire Operating Major Special Revenue Fund	25
Budgetary Comparison Schedule Fire Equipment - Major Special Revenue Fund	26
Budgetary Comparison Schedule - Building Department Fund - Major Special Revenue Fund	27
 <b><u>SUPPLEMENTAL INFORMATION AND SCHEDULES</u></b> 	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	28-32
Combining Balance Sheet - Non-Major Governmental Funds	33
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Non-Major Governmental Funds	34
Combining Balance Sheet - Non-Major Governmental Funds - Special Revenue	35
Combining Statement of Revenues and Expenditures and Changes in Fund Balance - Non-Major Governmental Funds - Special Revenue	36

DALTON TOWNSHIP MUSKEGON COUNTY  
Table of Contents(continued)

	<u>Page</u>
Statement of Revenues and Expenditures and Changes in Fund Balance - Budget and Actual:	
Cemetery Fund	37
Street Lighting Fund	38
Gypsy Moth Suppression Fund	39
Middle Lake Weed Eradication Fund	40
West Lake Weed Eradication Fund	41
North Lake Weed Eradication Fund	42
Combining Balance Sheet - Non-Major Governmental Funds - Debt Service	43
Combining Statement of Revenues and Expenditures and Changes in Fund Balance - Non-Major Governmental Funds - Debt Service	44
Statement of Revenues and Expenditures and Changes in Fund Balance - Budget and Actual	
Central Fire Station	45
Page Road	46
Dalson Road	47
Strand Road	48
Williamson Sewer	49
Combining Balance Sheet - Agency Funds	50
Combining Statement of Changes in Assets and Liabilities - Agency Funds	51

**RICHARD B. PARKER, CPA, PC**  
**CERTIFIED PUBLIC ACCOUNTANT**  
**2264 EAST MEINERT**  
**HOLTON, MICHIGAN 49425**  
**(231)893-3178**

Dalton Township Board  
Muskegon County, Michigan

Independent Auditor's Report

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dalton Township, Muskegon County, Michigan, as of and for the year ended March 31, 2006 which collectively comprise the township's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of Dalton Township's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Dalton Township, as of March 31, 2006 and the respective changes in financial position in conformity with accounting principles generally accepted in the United States of America.

The required supplementary information as identified in the Table of Contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries to management regarding the methods of measurements and the presentation of supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Dalton Township's basic financial statements. The accompanying supplemental financial information is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements, taken as a whole.

Dalton Township has not presented the management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

*Richard B. Parker*

Certified Public Accountant

August 3, 2006  
Holton, Michigan

DALTON TOWNSHIP  
Government-Wide Statement of Net Assets  
March 31, 2006

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Current Assets -	
Cash and cash equivalents	\$ 523,691
Investments	300,287
Special assessments receivable	20,581
Taxes receivable	61,950
Accounts receivable	82,209
Due from other fund	9,891
Prepaid expenses	54,816
Noncurrent Assets -	
Capital assets, net of accumulated depreciation	<u>1,128,235</u>
TOTAL ASSETS	<u>\$2,181,660</u>
<u>LIABILITIES AND NET ASSETS</u>	
Current Liabilities -	
Accounts payable	\$ 51,968
Due to other fund	428
Noncurrent Liabilities -	
Notes payable - due within one year	6,160
Notes payable - due in more than one year	36,960
Bonds payable - due within one year	15,000
Bonds payable - due in more than one year	75,000
Contracts payable - due within one year	39,916
Contracts payable - due in more than one year	<u>41,015</u>
TOTAL LIABILITIES	<u>266,447</u>
Net Assets -	
Invested in capital assets, net of related debt	1,047,304
Restricted for	
Fire operating	202,615
Fire equipment	67,159
Building department	33,147
Other purposes	6,683
Unrestricted	<u>558,305</u>
TOTAL NET ASSETS	<u>1,915,213</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$2,181,660</u>

The notes to the financial statements are an integral part of this statement.

DALTON TOWNSHIP  
Government-Wide Statement of Activities  
For the Year Ended March 31, 2006

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues Charges for Services</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
Governmental Activities			
Legislative	\$ 17,329	\$	\$ ( 17,329)
General Government	573,161	65,641	( 507,520)
Public safety	506,564	126,988	( 379,576)
Public works	135,698	3,750	( 131,948)
Recreation and culture	51,310		( 51,310)
Other functions	151,916		( 151,916)
Interest on long term debt	<u>12,973</u>	<u></u>	<u>( 12,973)</u>
Total Governmental Activities	<u>1,448,951</u>	<u>196,379</u>	<u>(1,252,572)</u>
General revenues			
Property taxes			540,636
State Shared revenues			513,208
Investment earnings			30,870
Other			<u>158,157</u>
Total General Revenues			<u>1,242,871</u>
Change in Net Assets			( 9,701)
Net Assets - Beginning			<u>1,924,914</u>
Net Assets - Ending			<u>\$ 1,915,213</u>

The notes to the financial statements are an integral part of this statement.



DALTON TOWNSHIP  
Balance Sheet  
GOVERNMENTAL FUNDS  
March 31, 2006

	<u>General</u>	<u>Fire Operating</u>	<u>Fire Equipment</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$157,596	\$156,427	\$57,806
Investments	300,287	-	-
Special assessments receivable	-	-	-
Taxes receivable	25,125	24,536	9,353
Accounts receivable	82,209	-	-
Due from other funds	9,891	2,671	-
Prepaid expenses	<u>32,866</u>	<u>21,950</u>	<u>-</u>
	<u>\$607,974</u>	<u>\$205,584</u>	<u>\$67,159</u>
 <u>LIABILITIES AND FUND EQUITY</u>			
LIABILITIES:			
Accounts payable	\$ 40,042	\$ 2,969	\$ -
Due to other funds	9,627	-	-
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>49,669</u>	<u>2,969</u>	<u>-</u>
 FUND BALANCES:			
Unrestricted	558,305	-	-
Restricted	<u>-</u>	<u>202,615</u>	<u>67,159</u>
TOTAL FUND BALANCE	<u>558,305</u>	<u>202,615</u>	<u>67,159</u>
	<u>\$607,974</u>	<u>\$205,584</u>	<u>\$67,159</u>

The notes to the financial statements are an integral part of this statement.

<u>Building Department</u>	<u>Non-Major Governmental Funds</u>	<u>TOTAL Governmental Funds</u>
\$34,242	\$117,620	\$ 523,691
-	-	300,287
-	91,844	91,844
-	2,936	61,950
-	-	82,209
6,528	-	19,090
<u>-</u>	<u>-</u>	<u>54,816</u>
<u>\$40,770</u>	<u>\$212,400</u>	<u>\$1,133,887</u>

\$ 7,623	\$ 1,334	\$ 51,968
-	-	9,627
<u>-</u>	<u>71,263</u>	<u>71,263</u>
<u>7,623</u>	<u>72,597</u>	<u>132,858</u>

-	-	558,305
<u>33,147</u>	<u>139,803</u>	<u>442,724</u>
<u>33,147</u>	<u>139,803</u>	<u>1,001,029</u>
<u>\$40,770</u>	<u>\$212,400</u>	<u>\$1,133,887</u>

DALTON TOWNSHIP  
Reconciliation of the Balance Sheet of  
Governmental Funds to the Statement of  
Net Assets  
March 31, 2006

Total Governmental Fund Balances	\$1,001.029
----------------------------------	-------------

Total net assets reported for governmental activities in the Statement of Net Assets are different from the amount reported as total governmental funds fund balance because:

Capital assets used in governmental activities are not financial resources and are not reported in the fund statements. Amounts reported for governmental activities in the statement of net assets are:

Governmental capital assets	2,060,617
Governmental accumulated depreciation	(932,382)

Long term liabilities are not due and payable in the current period and are not reported in the fund statements. Long term liabilities reported in the Statement of Net Assets that are not reported in the funds balance sheet are:

Notes payable	( 43,120)
Bonds payable	( 90,000)
Contracts payable	<u>( 80,931)</u>

Net Assets of Governmental Activities	<u>\$1,915,213</u>
---------------------------------------	--------------------

DALTON TOWNSHIP  
Statement of Revenues and Expenditures and  
Changes in Fund Balance  
GOVERNMENTAL FUNDS  
For the Year Ended March 31, 2006

	<u>General</u>	<u>Fire Operating</u>	<u>Fire Equipment</u>
REVENUES:			
Taxes	\$ 200,942	\$232,369	\$88,448
Licenses and permits	1,315	-	-
State grants	513,208	-	-
Charges for services	57,182	34,918	-
Interest earned	18,111	2,805	1,114
Rent	3,750	-	-
Other revenue	<u>121,014</u>	<u>5,660</u>	<u>322</u>
TOTAL REVENUE	<u>915,522</u>	<u>275,752</u>	<u>89,884</u>
EXPENDITURES:			
Legislative	17,329	-	-
General government	546,250	-	-
Public safety	96,254	227,153	-
Public works	80,963	-	-
Recreation and cultural	50,313	-	-
Other functions	151,916	-	-
Capital outlay	85,668	43,187	-
Debt service -			
Principal	-	-	69,265
Interest and fiscal changes	<u>-</u>	<u>-</u>	<u>7,099</u>
TOTAL EXPENDITURES	<u>1,028,693</u>	<u>270,340</u>	<u>76,364</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(113,171)</u>	<u>5,412</u>	<u>13,520</u>
OTHER FINANCING SOURCES (USES):			
Transfers from other funds	-	-	-
Transfers to other funds	<u>( 6,712)</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>( 6,712)</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(119,883)	5,412	13,520
FUND BALANCE - APRIL 1, 2005	<u>678,188</u>	<u>197,203</u>	<u>53,639</u>
FUND BALANCE - MARCH 31, 2006	<u>\$ 558,305</u>	<u>\$202,615</u>	<u>\$67,159</u>

The notes to the financial statements are an integral part of this statement.

<u>Building Department</u>	<u>Non-Major Governmental Funds</u>	<u>TOTAL Governmental Funds</u>
\$ -	\$ 18,877	\$ 540,636
92,070	-	93,385
-	-	513,208
-	7,144	99,244
-	8,840	30,870
-	-	3,750
<u>684</u>	<u>30,477</u>	<u>158,157</u>
<u>92,754</u>	<u>65,338</u>	<u>1,439,250</u>
-	-	17,329
-	8,968	555,218
90,224	-	413,631
-	31,672	112,635
-	-	50,313
-	-	151,916
-	-	128,855
-	20,951	90,216
<u>-</u>	<u>5,874</u>	<u>12,973</u>
<u>90,224</u>	<u>67,465</u>	<u>1,533,086</u>
<u>2,530</u>	<u>(2,127)</u>	<u>(93,836)</u>
-	6,712	6,712
<u>-</u>	<u>-</u>	<u>( 6,712)</u>
<u>-</u>	<u>6,712</u>	<u>-</u>
2,530	4,585	(93,836)
<u>30,617</u>	<u>135,218</u>	<u>1,094,865</u>
<u>\$33,147</u>	<u>\$139,803</u>	<u>\$1,001,029</u>

DALTON TOWNSHIP  
Reconciliation of Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to  
the Statement of Activities  
For the Year Ended March 31, 2006

Net change in Fund balances - Total Governmental Funds	\$(93,836)
Amounts reported for governmental activities are different because:	
Governmental funds report capital outlays as expenditures; in the Statement of Activities, these costs are allocated over their estimated useful lives as depreciation	( 6,081)
Repayments of long term debt principal is an expenditure in the governmental funds, but not in the Statement of Activities	<u>90,216</u>
Change in Net Assets of Governmental Activities	<u>\$( 9,701)</u>

DALTON TOWNSHIP  
Statement of Net Assets  
FIDUCIARY FUNDS  
March 31, 2006

ASSETS

Cash	\$26,820
Due from other funds	<u>428</u>
	<u>\$27,248</u>

LIABILITIES

Accounts payable	\$ 1,600
Due to other funds	9,891
Due to other governments	<u>15,757</u>
	<u>\$27,248</u>

The notes to the financial statements are an integral part of this statement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the township:

Reporting Entity

Dalton Township is located in Muskegon County and provides services to its residents in many areas including public safety, highways and streets, general administrative services, fire protection, and community enrichment and development. The township is a general law township, and is governed by a 7 member board elected by the citizens of Dalton Township. The board consists of the supervisor, clerk, treasurer and four trustees whom reside in the township.

As defined by Governmental Accounting Standards Board (GASB) No. 14, the financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The primary government has financial accountability if it:

1. Appoints a voting majority of the organization's board, and, has the ability to impose its will on the organization; or
2. There is a potential for the component unit to provide certain financial benefits to, or impose certain financial burdens on, the primary government.

Based upon this criteria, there are no other entities included in this report.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net assets and the Statement of Changes in Net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.



NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-Wide and Fund Financial Statements (continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized when it is both measurable and available. Revenues are considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Revenues are recognized in the accounting period in which they become susceptible to accrual, that is, when they become both measurable and available to finance expenditures of the fiscal period. Property taxes, intergovernmental revenue, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the township.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation  
(continued)

When both restricted and unrestricted resources are available for use, it is the township's policy to use restricted resources first, then unrestricted resources as needed.

The township reports the following major governmental funds:

The General Fund is the township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Fire Operating Fund accounts for the millage revenue that is reserved for the operation of the fire department.

Fire Equipment fund accounts for the millage revenue that is reserved for the purchase of fire equipment.

Building Department fund (State Construction Code) accounts for revenue that is reserved for the enforcement of the building code.

Additionally, the township reports the following fund types:

Agency Funds - These funds account for assets held on behalf of outside parties, including other governments.

Private-sector standards of accounting and financial reporting, issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB).

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deposits and Investments

The cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less from the date of acquisition.

Investments are stated at fair value and short-term investments are reported at cost, which approximates fair value. Earnings from investments are allocated to numerous funds as required by Federal regulations, State statutes, and local ordinances.

Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Building and Building Improvements	15 to 25 years
Vehicles	3 to 15 years
Equipment	3 to 10 years

Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or for resources that have been received, but not yet earned.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

The annual budget is prepared by the township supervisor and adopted by the township board at the annual public hearing. The township board approves all subsequent amendments to the budget. The General Fund and special revenue funds are under formal budgetary control. The budget has been prepared on the modified accrual basis, which is in accordance with generally accepted accounting principles. Unexpended appropriations lapse at year-end. The budget has been adopted on an activity basis. Budgeted revenues and expenditures include any authorized amendments to the original budget as adopted. There were no amendments to the original budget during the year ended March 31, 2005.

Excess of Expenditures Over Appropriation in Budgeted Funds

Public Act 2 of 1968, as amended, requires the adoption of a balanced budget for general and special revenue funds, as well as budget amendments as needed to prevent actual expenditures from exceeding those provided for in the budget.

During the year, the township incurred expenditures in certain budgetary fund which were in excess of the amounts appropriated, as follows:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Excess Expenditures</u>
General -			
Clerk	\$ 63,239	\$ 73,088	\$ 9,849
Roads	10,000	36,483	26,483
Parks	19,300	29,843	10,543
Other functions	142,100	151,916	9,816
Fire Equipment -			
Debt Service	69,050	76,364	7,314
Street Light Fund -			
Utilities	14,500	19,899	5,399

DALTON TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2006

Page 6

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91 authorizes the township to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government of Federal agency obligation repurchase agreements; bankers' acceptance of United States Banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated two banks for the deposit of township funds. The investment policy adopted by the board in accordance with Public Act 20 of 1943, as amended, has authorized investment in the instruments described in the preceding paragraph. The township's deposits and investment policy are in accordance with statutory authority.

At the year-end, the township's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and cash equivalents	\$523,691	\$26,820	\$550,511
Investments	<u>300,287</u>	<u>-</u>	<u>300,287</u>
Total	<u>\$823,978</u>	<u>\$26,820</u>	<u>\$850,798</u>

The breakdown between deposits and investments is as follows:

Bank deposits (Checking Accounts)	\$550,411
Investments in Money Market and Government Operating Money Market	300,287
Petty Cash and Cash on Hand	<u>100</u>
	<u>\$850,798</u>

The bank balance of the Township's deposits is \$1,040,394, of which \$100,000 is covered by Federal depository insurance.

DALTON TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2006

Page 7

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS(continued)

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the township or its agent in the township's name;
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the township's name; and
3. Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the township's name.

At year-end, the township's investment balances were categorized as follows:

	<u>Reported Amount (Fair Value)</u>
Investment Not Subject to Categorization Government Operating MM	<u>\$300,287</u>

The township has investments with Comerica Bank. The nature of money market and government operating money market accounts does not allow for risk-categorization, which is in accordance with GASB Statement No. 3. The risk and nonrisk-categorized investments are carried at cost, which is also the market value.

NOTE 4 - PROPERTY TAXES

Property taxes are levied on each December 1st on the taxable valuation of property located in the township as of the preceding December 31st. The township property taxes were levied and collectible on December 1, 2005. It is the policy of the township to recognize revenue from the current tax levy in the fiscal year when proceeds of this levy are budgeted and made available for the financing of operations.

The 2005 taxable valuation of the township amounted to \$194,004,156 on which ad valorem taxes of 1.0364 mills were levied for township operating purposes, 1.1959 mills for fire operations, and .4560 mills for the fire equipment resulting in property tax revenue of \$200,942, \$232,369, and \$88,448, respectively, during the fiscal year ended March 31, 2006. These amounts are recognized in the respective General and Special Revenue Fund financial statements as tax revenue.

DALTON TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2006

Page 8

NOTE 5 - RECEIVABLES

Special Assessments Receivable - Governmental Funds

The township collects special assessments in the Debt Service Funds to collect for expenses incurred by the township for road improvements and sewer system. The special assessments are billed on the township's tax bills. As of March 31, 2006 the Debt Service Fund had special assessments receivable of \$91,844.

Special assessments receivable as of March 31, 2006 are as follows:

Dalson Road	\$ 1,938
Strand Road	52,154
Williamson Sewer	<u>37,752</u>
	<u>\$91,844</u>

Accounts Receivable

Receivables as of year-end for the township's individual major and nonmajor funds, and the fiduciary funds in the aggregate, including the applicable allowances for uncollected accounts, are as follows:

	<u>General Fund</u>
State Shared Revenue	\$82,209
Less: Allowance for uncollectibles	<u>-</u>
Net receivables	<u>\$82,209</u>

DALTON TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2006

Page 9

NOTE 6 - CAPITAL ASSETS

Capital asset activity of the township for the current year was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated				
Land	\$ 40,000	\$ 58,000	\$ -	\$ 98,000
Subtotal	40,000	58,000	-	98,000
Capital assets Being Depreciated				
Land improvements	\$ 9,765	\$ -	\$ -	\$ 9,765
Buildings and building improvements	1,145,916	-	-	1,145,916
Equipment	72,065	24,809	-	96,874
Vehicles	677,089	32,973	-	710,062
Subtotal	1,904,835	57,782	-	1,962,617
Less Accumulated Depreciation for				
Land improvements	2,930	977	-	3,907
Buildings	509,052	46,621	-	555,673
Equipment	35,718	18,135	-	53,853
Vehicles	262,819	56,130	-	318,949
Subtotal	810,519	121,863	-	932,382
Net Capital Assets Being Depreciated	1,094,316	(64,081)	-	1,030,235
Governmental Activities Capital Total				
Capital Assets - Net of Depreciation	<u>\$1,134,316</u>	<u>\$( 6,081)</u>	<u>\$ -</u>	<u>\$1,128,235</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities	
General government	\$ 11,474
Public safety	87,326
Public works	<u>23,063</u>
Total Governmental Activities	<u>\$121,863</u>



DALTON TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2006

Page 10

NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances is as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Fund</u>	<u>Payable</u>
General	<u>\$ 9,891</u>	Sewer Trust	\$ 878
		Trust and Agency	4,354
		Tax Collection	<u>4,659</u>
Subtotal	<u>\$ 9,891</u>	Subtotal	<u>9,891</u>
Fire Operating	2,671	General Fund	<u>9,627</u>
Building Department	6,528		
Trust and Agency	400		
Water Trust	<u>28</u>		
Subtotal	<u>9,627</u>	Subtotal	<u>9,627</u>
TOTAL	<u>\$19,518</u>	TOTAL	<u>\$19,518</u>

The operating transfers are summarized as follows:

	<u>Transfers In</u>	<u>Transfers (Out)</u>
General Fund	\$ -	\$6,712
Cemetery	1,962	
Middle Lake Weed	1,200	
North Lake Weed	2,550	
West Lake Weed	<u>1,000</u>	
TOTAL	<u>\$6,712</u>	<u>\$6,712</u>

DALTON TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2006

Page 11

NOTE 8 - CHANGES IN LONG TERM DEBT:

The following is a summary of long term debt transactions of the Township for the year ended March 31, 2006:

	<u>Special Assessment Bonds</u>		
	<u>Strand Road</u>		
Balance - April 1, 2005	\$110,000		
Payments	<u>(20,000)</u>		
Balance - March 31, 2006	<u>\$ 90,000</u>		
		<u>Contract</u>	<u>Contract</u>
		<u>Payable</u>	<u>Payable</u>
			<u>Note</u>
			<u>Payable</u>
Balance - April 1, 2005	\$72,027	\$ 78,240	\$44,000
Payments	<u>(18,197)</u>	<u>(51,067)</u>	<u>(880)</u>
Balance - March 31, 2006	<u>\$53,830</u>	<u>\$ 27,173</u>	<u>\$43,120</u>

Long term debt at March 31, 2006 is comprised of the following:

Contracts Payable:

On June 2, 2003 the Township entered into an installment purchase agreement under Act 99 of the Public Acts of Michigan of 1933, as amended, with Alexis Fire Equipment Company and National City Bank, as assignee of Alexis Fire Equipment Company in the amount of \$90,000 for the purchase of a mini pumper for the Fire Department at a total cost of \$140,865. This installment purchase agreement is payable in fourteen semi-annual installments of \$7,385.59, including interest at 4% per annum. The first installment was due September 30, 2003. The final installment is due March 30, 2010. The balance at March 31, 2006 is \$53,830.

On July 22, 1999 the Township entered into an installment purchase agreement under Act 99 of the Public Acts of Michigan of 1933, as amended, with Alexis Fire Equipment Company and National City Bank, as assignee of Alexis Fire Equipment Company in the amount of \$316,703 for the purchase of a new pumper fire truck and a new rescue truck. This installment purchase agreement is payable in fourteen semi-annual installments of \$27,103.72, including interest at the rate of 4.75% per annum. The first installment was due March 31, 2001. The final installment is due September 30, 2006. The balance at March 31, 2006 is \$27,173.

DALTON TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2006

Page 12

NOTE 8 - CHANGES IN LONG TERM DEBT (CONTINUED)

Note Payable:

On September 3, 2002 the Township entered into an agreement with the County of Muskegon, Michigan in the amount of \$61,600 for the construction of the Williamson Road sewer project. The note is payable over ten years with a final due date of November 1, 2012. The Township agrees to repay the County by annually remitting collections received from the Williamson Road special assessment roll (including interest) beginning March 1, 2003 and every year thereafter until fully paid. The repayment schedule includes the interest charged on the special assessment roll of 5% per annum. The balance at March 31, 2006 is \$43,120.

Bonds:

Special Assessment Bonds - Strand Road:

\$170,000, 2001 special assessment bonds due in  
annual installments of \$5,000 to \$20,000 through  
March 1, 2011; interest of 5.1% to 7.00%

\$90,000

The annual requirement to amortize all outstanding debt, including interest, at March 31, 2006 are as follows:

<u>Year Ended</u> <u>March 31,</u>	<u>Contracts</u> <u>Payable</u>	<u>Note</u> <u>Payable</u>	<u>Special</u> <u>Assessment Bonds</u> <u>Strand</u> <u>Road</u>
2007	\$41,875	\$ 8,008	\$ 19,570
2008	14,771	7,700	23,805
2009	14,771	7,392	22,785
2010	14,771	7,084	16,765
2011 - 2012	<u>-</u>	<u>13,244</u>	<u>21,000</u>
	<u>\$86,188</u>	<u>\$43,428</u>	<u>\$103,925</u>

NOTE 9 - RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical benefits provided to employees. The Township maintains commercial insurance coverage for each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 10 - SUBSEQUENT EVENTS

On July 1, 2006 the County of Muskegon, Michigan issued wastewater system bonds in the amount of \$20,580,000 on behalf of three local units of government, including Dalton Township. The bonds bear interest at the rate of 4.25% to 5.00% per annum. Dalton Township is responsible for repayment of approximately \$2,880,000, with the other local units of government being responsible for the balance. Final payment on the bonds will be due November 1, 2036.

On August 1, 2006 the County of Muskegon, Michigan issued water supply system bonds in the amount of \$7,900,000 on behalf of four local units of government, including Dalton Township. The bonds bear interest at the rate of 4.375% to 5.125% per annum. Dalton Township is responsible for repayment of approximately \$1,896,000 with the other local units of government being responsible for the balance. Final payment on the bonds will be due November 1, 2006.

NOTE 11 - CONTINGENT LIABILITIES

The township is involved in a dispute with the County of Muskegon concerning the payment of sewer access right fees originating in 1981. The amount of liability, if any, can not be determined at this time although the Township believes such amount, if any, to be immaterial.

On December 13, 1982, Dalton Township and two other townships, entered into an agreement with the County of Muskegon for the construction of a water supply system. Construction of the system was financed by the issue of \$1,100,000, County of Muskegon bonds, which principal and interest to be paid by a "Pooled Account", maintained by the County, through the collection of individual user charges and/or an ad valorem tax levy in the event of insufficient user charges. The bonds are contractually secured primarily by the full faith and credit of the townships, based on a pro-rata allocation and secondarily by the full faith and credit of the County. The township's pro-rata share of the full faith and credit security is 11.72%. The township anticipates the user charges will be sufficient to repay the debt obligation.

On May 7, 1984 Dalton Township entered into an agreement with Muskegon Township to provide sanitary sewer services to certain residents of Dalton Township residing near the Muskegon Township sanitary sewer extension. Dalton Township has agreed to collect any direct or indirect connection charges for which Muskegon Township will pay to Dalton Township 5% of such charges.

Dalton Township has further agreed to be responsible to Muskegon Township for payment of the connection charges and user fees whether collected or not.

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS

Effective May 4, 1998, in addition to pension benefits described in Note 13, the Township provides post-employment benefits for health insurance. The Township will fund the benefit on a pay-as-you-go basis. Eligible employees will be required to pay a portion of the cost with the Township subsidizing the remaining costs.

During the current year one retiree participated for the year at a cost of approximately \$1,400.

NOTE 13 - RETIREMENT PLAN

The township's retirement plan is administered by Paine Webber, Incorporated. It is a defined contribution retirement plan which provides retirement benefits for elected officials and full time employees. The township contributed an amount equal to 11% of the employees gross salaries. The amount contributed for the year ended March 31, 2006 was approximately \$22,000. Total township payroll for the year was approximately \$380,000 including approximately \$200,000 payroll covered by the plan. Employees become 100% vested in the township's contributions after six months of service.

NOTE 14 - DEFERRED COMPENSATION PLAN

The township offers all employees a deferred compensation plan created in accordance with Internal Revenue Code, Section 457. The assets of the plans were held in a group annuity contract as described in IRC Section 457 (g) for the exclusive benefit of the employees and their beneficiaries. The custodian thereof of the exclusive benefit of the participants holds the custodial account for the beneficiaries of this Section 457 plan, and the assets may not be diverted to any other use. The Administrators are agents of the employer for purposes of providing direction to the custodian of the custodial account from time to time for the investment of the funds held in the account, transfer of assets to or from the account and all other matters. In accordance with the provisions of GASB Statement 32, plan balances and activities are not reflected in the township's financial statements.

NOTE 15 - STATE CONSTRUCTION CODE ACT

Public Act 245 of 1999 (The Stille-Derossett-Hale Single State Construction Code Act) restricts the use of fees collected under this Act for the operation of the enforcing agency and/or the Construction Board of Appeals effective January 1, 2000. The following is the required accounting for such fees:

Fees collected	\$ 92,070
Wages, professional fees and other expenses	<u>(90,224)</u>
Excess fees collected over costs	<u>\$ 1,846</u>

## REQUIRED SUPPLEMENTAL INFORMATION

DALTON TOWNSHIP  
REQUIRED SUPPLEMENTAL INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Year Ended March 31, 2006

	<u>Budget</u>	<u>Actual</u>	Variance - favorable (unfavorable)
REVENUES:			
Taxes	\$ 196,334	\$ 200,942	\$ 4,608
Licenses and permits	1,400	1,315	( 85)
State grants	519,472	513,208	( 6,264)
Charges for services	33,000	57,182	24,182
Interest earned	5,000	18,111	13,111
Rent	6,000	3,750	( 2,250)
Other revenue	<u>166,650</u>	<u>121,014</u>	<u>(45,636)</u>
TOTAL REVENUE	<u>927,856</u>	<u>915,522</u>	<u>(12,334)</u>
EXPENDITURES:			
Legislative	17,880	17,329	551
General government	648,467	546,250	102,217
Public safety	106,059	96,254	9,805
Public works	69,400	80,963	(11,563)
Recreation and cultural	39,800	50,313	(10,513)
Other functions	142,100	151,916	( 9,816)
Capital outlay	<u>96,671</u>	<u>85,668</u>	<u>11,003</u>
TOTAL EXPENDITURES	<u>1,120,377</u>	<u>1,028,693</u>	<u>91,684</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(192,521)</u>	<u>(113,171)</u>	<u>79,350</u>
OTHER FINANCING SOURCES (USES):			
Transfer from other funds	-	-	-
Transfer to other funds	<u>( 10,000)</u>	<u>( 6,712)</u>	<u>3,288</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>( 10,000)</u>	<u>( 6,712)</u>	<u>3,288</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(202,521)	(119,883)	82,638
FUND BALANCE - APRIL 1, 2005	<u>678,188</u>	<u>678,188</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2006	<u>\$ 475,667</u>	<u>\$ 558,305</u>	<u>\$ 82,638</u>

DALTON TOWNSHIP  
REQUIRED SUPPLEMENTAL INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
FIRE OPERATING FUND - MAJOR SPECIAL REVENUE FUND  
For the Year Ended March 31, 2006

	<u>Budget</u>	<u>Actual</u>	Variance - favorable (unfavorable)
REVENUES:			
Property taxes	\$226,544	\$232,369	\$ 5,825
Charges for services	41,281	34,918	(6,363)
Interest earned	650	2,805	2,155
Other revenue	<u>12,550</u>	<u>5,660</u>	<u>(6,890)</u>
TOTAL REVENUES	<u>281,025</u>	<u>275,752</u>	<u>(5,273)</u>
EXPENDITURES:			
Salaries and wages	101,600	103,048	(1,448)
Pension	4,700	4,721	( 21)
Employee benefits	16,000	15,925	75
Payroll taxes	8,213	8,731	( 518)
Operating supplies	10,250	11,882	(1,632)
Repairs and maintenance	11,500	10,659	841
Utilities	13,000	14,921	(1,921)
Transportation	4,000	7,014	(3,014)
Communications	8,000	7,906	94
Training	2,500	1,032	1,468
Contracted services	7,750	1,514	6,236
Capital outlay	59,350	43,187	16,163
Insurance	29,000	36,451	(7,451)
Miscellaneous	<u>5,000</u>	<u>3,349</u>	<u>1,651</u>
TOTAL EXPENDITURES	<u>280,863</u>	<u>270,340</u>	<u>10,523</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	162	5,412	5,250
FUND BALANCE - APRIL 1, 2005	<u>197,203</u>	<u>197,203</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2006	<u>\$197,365</u>	<u>\$202,615</u>	<u>\$ 5,250</u>



DALTON TOWNSHIP  
REQUIRED SUPPLEMENTAL INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
FIRE EQUIPMENT FUND - MAJOR SPECIAL REVENUE FUND  
For the Year Ended March 31, 2006

	<u>Budget</u>	<u>Actual</u>	Variance - favorable (unfavorable)
REVENUES:			
Property taxes	\$86,380	\$88,448	\$ 2,068
Interest earned	300	1,114	814
Miscellaneous	<u>-</u>	<u>322</u>	<u>322</u>
	<u>86,680</u>	<u>89,884</u>	<u>3,204</u>
EXPENDITURES:			
Debt service -			
Principal		69,265	
Interest		<u>7,099</u>	
TOTAL EXPENDITURES	<u>69,050</u>	<u>76,364</u>	<u>(7,314)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	17,630	13,520	(4,110)
FUND BALANCE - APRIL 1, 2005	<u>53,639</u>	<u>53,639</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2006	<u>\$71,269</u>	<u>\$67,159</u>	<u>\$(4,110)</u>

DALTON TOWNSHIP  
REQUIRED SUPPLEMENTAL INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
BUILDING DEPARTMENT FUND - MAJOR SPECIAL REVENUE FUND  
For the Year Ended March 31, 2006

	Budget	Actual	Variance - favorable (unfavorable)
REVENUES:			
Permits	\$103,000	\$92,070	\$(10,930)
Miscellaneous	<u>500</u>	<u>684</u>	<u>184</u>
	<u>103,500</u>	<u>92,754</u>	<u>(10,746)</u>
EXPENDITURES:			
Contracted services	95,500	84,780	10,720
Operating supplies	2,000	3,019	( 1,019)
Training	5,000	1,055	3,945
Miscellaneous	<u>1,000</u>	<u>1,370</u>	<u>( 370)</u>
TOTAL EXPENDITURES	<u>103,500</u>	<u>90,224</u>	<u>13,276</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	2,530	2,530
FUND BALANCE - APRIL 1, 2005	<u>30,617</u>	<u>30,617</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2006	<u>\$ 30,617</u>	<u>\$33,147</u>	<u>\$ 2,530</u>

## ADDITIONAL INFORMATION

DALTON TOWNSHIP  
Statement of Revenues, Expenditures and Changes In Fund Balance  
Budget and Actual  
GENERAL FUND  
For the Year Ended March 31, 2006

Page 1

	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>
REVENUES -			
TAXES:			
Property taxes	<u>\$196,334</u>	<u>\$200,942</u>	<u>\$ 4,608</u>
LICENSES AND PERMITS	<u>1,400</u>	<u>1,315</u>	<u>( 85)</u>
STATE GRANTS:			
State shared revenue	<u>519,472</u>	<u>513,208</u>	<u>( 6,264)</u>
CHARGES FOR SERVICES:			
Administration fees	<u>32,000</u>	<u>42,524</u>	<u>10,524</u>
Miscellaneous	<u>1,000</u>	<u>14,658</u>	<u>13,658</u>
	<u>33,000</u>	<u>57,182</u>	<u>24,182</u>
INTEREST EARNED	<u>5,000</u>	<u>18,111</u>	<u>13,111</u>
RENTAL INCOME	<u>6,000</u>	<u>3,750</u>	<u>( 2,250)</u>
OTHER REVENUE:			
Transfer station fees	<u>20,000</u>	<u>25,247</u>	<u>5,247</u>
Sale of equipment	<u>20,000</u>	<u>5,903</u>	<u>(14,097)</u>
Refunds and reimbursements	<u>71,000</u>	<u>48,040</u>	<u>(22,960)</u>
Zoning and variance fees	<u>7,500</u>	<u>10,109</u>	<u>2,609</u>
Miscellaneous	<u>48,150</u>	<u>31,715</u>	<u>(16,435)</u>
	<u>166,650</u>	<u>121,014</u>	<u>(45,636)</u>
TOTAL REVENUES	<u>927,856</u>	<u>915,522</u>	<u>(12,334)</u>
EXPENDITURES -			
LEGISLATIVE:			
Salaries and wages	<u>12,100</u>	<u>11,848</u>	<u>252</u>
Pension	<u>1,720</u>	<u>1,719</u>	<u>1</u>
Transportation	<u>1,660</u>	<u>1,658</u>	<u>2</u>
Miscellaneous	<u>2,400</u>	<u>2,104</u>	<u>296</u>
TOTAL LEGISLATIVE	<u>17,880</u>	<u>17,329</u>	<u>551</u>
GENERAL GOVERNMENT:			
SUPERVISOR -			
Salaries and wages	<u>39,731</u>	<u>38,263</u>	<u>1,468</u>
Pension	<u>3,900</u>	<u>3,875</u>	<u>25</u>
Transportation	<u>1,500</u>	<u>447</u>	<u>1,053</u>
Miscellaneous	<u>1,200</u>	<u>-</u>	<u>1,200</u>
	<u>46,331</u>	<u>42,585</u>	<u>3,746</u>

DALTON TOWNSHIP  
Statement of Revenues, Expenditures and Changes In Fund Balance  
Budget and Actual  
GENERAL FUND  
For the Year Ended March 31, 2006

Page 2

	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>
EXPENDITURES (CONTINUED) -			
ELECTIONS:			
Salaries and wages	\$ 11,075	\$11,073	\$ 2
Operating supplies	6,500	6,418	82
Miscellaneous	<u>1,600</u>	<u>591</u>	<u>1,009</u>
	<u>19,175</u>	<u>18,082</u>	<u>1,093</u>
ASSESSOR:			
Contracted services	40,900	40,806	94
Salaries and wages	19,500	17,223	2,277
Pension	2,100	1,979	121
Operating supplies	2,445	2,733	( 288)
Miscellaneous	<u>400</u>	<u>419</u>	<u>( 19)</u>
	<u>65,345</u>	<u>63,160</u>	<u>2,185</u>
CLERK:			
Salaries and wages	55,839	54,402	1,437
Pension	3,800	3,767	33
Transportation	600	400	200
Miscellaneous	<u>3,000</u>	<u>14,519</u>	<u>(11,519)</u>
	<u>63,239</u>	<u>73,088</u>	<u>( 9,849)</u>
BOARD OF REVIEW:			
Salaries and wages	800	675	125
Miscellaneous	<u>50</u>	<u>77</u>	<u>( 27)</u>
	<u>850</u>	<u>752</u>	<u>98</u>
TREASURER:			
Salaries and wages	53,782	51,644	2,138
Pension	6,000	5,859	141
Supplies	5,800	5,058	742
Transportation	500	613	( 113)
Miscellaneous	<u>300</u>	<u>85</u>	<u>215</u>
	<u>66,382</u>	<u>63,259</u>	<u>3,123</u>
BUILDING AND GROUNDS:			
Salaries and wages	98,300	71,747	26,553
Pension	6,700	6,308	392
Utilities	5,500	6,088	( 588)
Operating supplies	1,500	1,121	379
Repairs and maintenance	5,400	3,033	2,367
Transportation	3,000	3,314	( 314)
Miscellaneous	<u>1,000</u>	<u>825</u>	<u>175</u>
	<u>121,400</u>	<u>92,436</u>	<u>28,964</u>

DALTON TOWNSHIP  
Statement of Revenues, Expenditures and Changes In Fund Balance  
Budget and Actual  
GENERAL FUND  
For the Year Ended March 31, 2006

Page 3

	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>
EXPENDITURES (CONTINUED) - GENERAL GOVERNMENT (CONTINUED):			
GENERAL ADMINISTRATION:			
Professional services	\$152,000	\$ 72,927	\$ 79,073
Salaries and wages	19,845	18,562	1,283
Supplies	46,000	43,475	2,525
Repairs and maintenance	13,500	11,547	1,953
Contracted services	4,400	5,188	( 788)
Utilities	14,000	15,315	(1,315)
Memberships and dues	6,000	8,597	(2,597)
Printing and Publishing	7,000	14,753	(7,753)
Miscellaneous	<u>3,000</u>	<u>2,524</u>	<u>476</u>
	<u>265,745</u>	<u>192,888</u>	<u>72,857</u>
TOTAL GENERAL GOVERNMENT	<u>648,467</u>	<u>546,250</u>	<u>102,217</u>
PUBLIC SAFETY:			
LAW ENFORCEMENT	<u>51,080</u>	<u>51,653</u>	<u>( 573)</u>
FIRE DEPARTMENT:			
Hydrant rental	<u>4,000</u>	<u>4,700</u>	<u>( 700)</u>
PLANNING COMMISSION:			
Salaries and wages	5,000	4,780	220
Supplies	8,000	-	8,000
Miscellaneous	<u>1,000</u>	<u>33</u>	<u>967</u>
	<u>14,000</u>	<u>4,813</u>	<u>9,187</u>
ZONING/ORDINANCE:			
Salaries and wages	34,994	33,654	1,340
Supplies	500	80	420
Transportation	985	1,096	( 111)
Miscellaneous	<u>500</u>	<u>258</u>	<u>242</u>
	<u>36,979</u>	<u>35,088</u>	<u>1,891</u>
TOTAL PUBLIC SAFETY	<u>106,059</u>	<u>96,254</u>	<u>9,805</u>

DALTON TOWNSHIP  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
GENERAL FUND  
For the Year Ended March 31, 2006

Page 4

	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>
EXPENDITURES (CONTINUED) -			
PUBLIC WORKS:			
SANITARY LANDFILL:			
Contracted services	\$ 50,000	\$ 39,083	\$ 10,917
ROADS	10,000	36,483	(26,483)
DRAINS	900	-	900
SEWAGE DISPOSAL:			
Access fees	2,700	2,891	( 191)
OTHER	5,800	2,506	3,294
TOTAL PUBLIC WORKS	69,400	80,963	(11,563)
RECREATION AND CULTURAL:			
PARKS -			
Repairs	2,000	1,459	541
Utilities	1,000	1,379	( 379)
Recreational activities	14,500	25,810	(11,310)
Miscellaneous	1,800	1,195	605
	19,300	29,843	(10,543)
LIBRARY	20,500	20,470	30
TOTAL RECREATION AND CULTURAL	39,800	50,313	(10,513)
OTHER FUNCTIONS:			
Refunds	1,000	649	351
Employee insurance benefits	94,000	102,617	( 8,617)
Insurance and bonds	26,000	23,762	2,238
Payroll taxes	20,100	20,918	( 818)
Miscellaneous	1,000	3,970	( 2,970)
TOTAL OTHER FUNCTIONS	142,100	151,916	( 9,816)
CAPITAL OUTLAY	96,671	85,668	11,003
TOTAL EXPENDITURES	1,120,377	1,028,693	91,684

DALTON TOWNSHIP  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
GENERAL FUND  
For the Year Ended March 31, 2006

Page 5

	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$(192,521)</u>	<u>\$(113,171)</u>	<u>\$79,350</u>
OTHER FINANCING SOURCES (USES):			
Transfer from other funds	<u>( 10,000)</u>	<u>( 6,712)</u>	<u>3,288</u>
Transfer to other funds	<u>( 10,000)</u>	<u>( 6,712)</u>	<u>3,288</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>( 10,000)</u>	<u>( 6,712)</u>	<u>3,288</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(202,521)</u>	<u>(119,883)</u>	<u>82,638</u>
FUND BALANCE - APRIL 1, 2005	<u>678,188</u>	<u>678,188</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2006	<u>\$ 475,667</u>	<u>\$ 558,305</u>	<u>\$82,638</u>



DALTON TOWNSHIP  
Combining Balance Sheet  
NON-MAJOR GOVERNMENTAL FUNDS  
March 31, 2006

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>TOTAL Nonmajor Governmental Funds</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$81,234	\$ 36,386	\$117,620
Taxes receivable	2,936	-	2,936
Special assessments receivable	<u>-</u>	<u>91,844</u>	<u>91,844</u>
	<u>\$84,170</u>	<u>\$128,230</u>	<u>\$212,400</u>
 <u>LIABILITIES AND FUND EQUITY</u>			
Accounts payable	\$ -	\$ 1,334	\$ 1,334
Deferred revenue	-	71,263	\$ 71,263
Fund balance	<u>84,170</u>	<u>55,633</u>	<u>139,803</u>
	<u>\$84,170</u>	<u>\$128,230</u>	<u>\$212,400</u>

DALTON TOWNSHIP  
Combining Statement of Revenues and Expenditures and Changes in Fund Balance  
NON-MAJOR GOVERNMENTAL FUNDS  
For the Year Ended March 31, 2006

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>TOTAL Nonmajor Governmental Funds</u>
REVENUES:			
Property taxes	\$18,877	\$ -	\$ 18,877
Special assessment levied	14,926	15,536	30,462
Charges for services	7,144	-	7,144
Interest earned	1,435	7,405	8,840
Other revenue	<u>-</u>	<u>15</u>	<u>15</u>
TOTAL REVENUES	<u>42,382</u>	<u>22,956</u>	<u>65,338</u>
EXPENDITURES:			
General government	8,968	-	8,968
Public works	31,672	-	31,672
Debt service	<u>-</u>	<u>26,825</u>	<u>26,825</u>
TOTAL EXPENDITURES	<u>40,640</u>	<u>26,825</u>	<u>67,465</u>
	<u>1,742</u>	<u>(3,869)</u>	<u>(2,127)</u>
OTHER FINANCING SOURCES (USES):			
Transfer from other fund	<u>6,712</u>	<u>-</u>	<u>6,712</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>6,712</u>	<u>-</u>	<u>6,712</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	8,454	(3,869)	4,585
FUND BALANCE - APRIL 1, 2005	<u>75,716</u>	<u>59,502</u>	<u>135,218</u>
FUND BALANCE - MARCH 31, 2006	<u>\$84,170</u>	<u>\$55,633</u>	<u>\$139,803</u>

DALTON TOWNSHIP  
Combining Balance Sheet  
NON-MAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE  
March 31, 2006

	<u>Cemetery</u>	<u>Street Lighting</u>	<u>Gypsy Moth Suppression</u>	<u>Middle Lake Weed Eradication</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$169	\$50,491	\$14,818	\$5,840
Taxes receivable	<u>-</u>	<u>2,936</u>	<u>-</u>	<u>-</u>
	<u>\$169</u>	<u>\$53,427</u>	<u>\$14,818</u>	<u>\$5,840</u>
 <u>LIABILITIES AND FUND EQUITY</u>				
Fund balance	<u>\$169</u>	<u>\$53,427</u>	<u>\$14,818</u>	<u>\$5,840</u>
	<u>\$169</u>	<u>\$53,427</u>	<u>\$14,818</u>	<u>\$5,840</u>

<u>West Lake Weed Eradication</u>	<u>North Lake Weed Eradication</u>	<u>TOTAL</u>
---	--	--------------

\$5,915	\$4,001	\$81,234
<u>-</u>	<u>-</u>	<u>2,936</u>

<u>\$5,915</u>	<u>\$4,001</u>	<u>\$84,170</u>
----------------	----------------	-----------------

<u>\$5,915</u>	<u>\$4,001</u>	<u>\$84,170</u>
----------------	----------------	-----------------

<u>\$5,915</u>	<u>\$4,001</u>	<u>\$84,170</u>
----------------	----------------	-----------------

DALTON TOWNSHIP  
Combining Statement of Revenues and Expenditures and Changes in Fund Balance  
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE  
For the Year Ended March 31, 2006

	<u>Cemetery</u>	<u>Street Lighting</u>
REVENUES:		
Property taxes	\$ -	\$18,877
Special assessments levied	-	-
Charges for services	7,144	-
Interest earned	<u>2</u>	<u>1,172</u>
TOTAL REVENUES	<u>7,146</u>	<u>20,049</u>
EXPENDITURES:		
General government	8,968	-
Public works	<u>-</u>	<u>19,899</u>
TOTAL EXPENDITURES	<u>8,968</u>	<u>19,899</u>
	<u>(1,822)</u>	<u>150</u>
OTHER FINANCING SOURCES (USES):		
Transfer from other fund	<u>1,962</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,962</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	140	105
FUND BALANCE - APRIL 1, 2005	<u>29</u>	<u>53,277</u>
FUND BALANCE - MARCH 31, 2006	<u>\$ 169</u>	<u>\$53,427</u>

<u>Gypsy Moth Suppression</u>	<u>Middle Lake Weed Eradication</u>	<u>West Lake Weed Eradication</u>	<u>North Lake Weed Eradication</u>	<u>TOTAL</u>
\$ -	\$ -	\$ -	\$ -	\$18,877
-	-	8,626	6,300	14,926
-	-	-	-	7,144
<u>-</u>	<u>134</u>	<u>84</u>	<u>43</u>	<u>1,435</u>
<u>-</u>	<u>134</u>	<u>8,710</u>	<u>6,343</u>	<u>42,382</u>
-	-	-	-	8,968
<u>-</u>	<u>1,145</u>	<u>5,585</u>	<u>5,043</u>	<u>31,672</u>
<u>-</u>	<u>1,145</u>	<u>5,585</u>	<u>5,043</u>	<u>40,640</u>
<u>-</u>	<u>(1,011)</u>	<u>3,125</u>	<u>1,300</u>	<u>1,742</u>
<u>-</u>	<u>1,200</u>	<u>1,000</u>	<u>2,550</u>	<u>6,712</u>
<u>-</u>	<u>1,200</u>	<u>1,000</u>	<u>2,550</u>	<u>6,712</u>
-	189	4,125	3,850	8,454
<u>14,818</u>	<u>5,651</u>	<u>1,790</u>	<u>151</u>	<u>75,716</u>
<u>\$14,818</u>	<u>\$5,840</u>	<u>\$ 5,915</u>	<u>\$4,001</u>	<u>\$84,170</u>

DALTON TOWNSHIP  
Statement of Revenues and Expenditures and Changes in Fund Balance -  
Budget and Actual  
CEMETERY FUND  
For the Year Ended March 31, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>
REVENUES:			
Sale of lots	\$ 4,800	\$ 4,828	\$ 28
Grave openings	5,000	2,316	(2,684)
Interest	110	2	( 108)
Misscellaneous	<u>100</u>	<u>-</u>	<u>( 100)</u>
TOTAL REVENUES	<u>10,010</u>	<u>7,146</u>	<u>(2,864)</u>
EXPENDITURES:			
Contracted services	5,000	6,394	(1,394)
Operating supplies	1,479	163	1,316
Utilities	500	672	( 172)
Repairs and maintenance	750	299	451
Capital outlay	10,000	-	10,000
Miscellaneous	<u>835</u>	<u>1,440</u>	<u>( 605)</u>
TOTAL EXPENDITURES	<u>18,564</u>	<u>8,968</u>	<u>9,596</u>
	(8,554)	(1,822)	6,732
OTHER FINANCING SOURCES (USES):			
Transfer from other fund	<u>10,000</u>	<u>1,962</u>	<u>(8,038)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	1,446	140	(1,306)
FUND BALANCE - APRIL 1, 2005	<u>29</u>	<u>29</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2006	<u>\$ 1,475</u>	<u>\$ 169</u>	<u>\$(1,306)</u>

DALTON TOWNSHIP  
Statement of Revenues and Expenditures and Changes in Fund Balance -  
Budget and Actual  
STREET LIGHTING FUND  
For the Year Ended March 31, 2006

	<u>Budget</u>	<u>Actual</u>	Variance - favorable (unfavorable)
REVENUES:			
Property taxes	\$17,765	\$18,877	\$ 1,112
Interest earned	<u>350</u>	<u>1,172</u>	<u>822</u>
TOTAL REVENUES	18,115	20,049	1,934
 EXPENDITURES:			
Utilities	<u>14,500</u>	<u>19,899</u>	<u>(5,399)</u>
 EXCESS OF REVENUES OVER EXPENDITURES	3,615	150	(3,465)
 FUND BALANCE - APRIL 1, 2005	<u>53,277</u>	<u>53,277</u>	<u>-</u>
 FUND BALANCE - MARCH 31, 2006	<u>\$56,892</u>	<u>\$53,427</u>	<u>\$(3,465)</u>



DALTON TOWNSHIP  
Statement of Revenues and Expenditures and Changes in Fund Balance -  
Budget and Actual  
GYPSY MOTH SUPPRESSION FUND  
For the Year Ended March 31, 2006

	<u>Budget</u>	<u>Actual</u>	Variance - favorable (unfavorable)
REVENUES:			
Miscellaneous	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL REVENUES	-	-	-
EXPENDITURES:			
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	-	-
FUND BALANCE - APRIL 1, 2005	<u>14,818</u>	<u>14,818</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2006	<u><u>\$14,818</u></u>	<u><u>\$14,818</u></u>	<u><u>\$ -</u></u>

A zero budget was adopted for this fund.

DALTON TOWNSHIP  
Statement of Revenues and Expenditures and Changes in Fund Balance -  
Budget and Actual  
MIDDLE LAKE WEED ERADICATION FUND  
For the Year Ended March 31, 2006

	<u>Budget</u>	<u>Actual</u>	Variance - favorable (unfavorable)
REVENUES:			
Interest	<u>\$ 45</u>	<u>\$ 134</u>	<u>\$ 89</u>
TOTAL REVENUES	<u>45</u>	<u>134</u>	<u>89</u>
EXPENDITURES:			
Weed spraying	600	1,145	(545)
Miscellaneous	<u>250</u>	<u>-</u>	<u>250</u>
TOTAL EXPENDITURES	<u>850</u>	<u>1,145</u>	<u>(295)</u>
	(805)	(1,011)	(206)
OTHER FINANCING SOURCES (USES):			
Transfer from other fund	<u>1,000</u>	<u>1,200</u>	<u>200</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	195	189	( 6)
FUND BALANCE - APRIL 1, 2005	<u>5,651</u>	<u>5,651</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2006	<u>\$5,846</u>	<u>\$5,840</u>	<u>\$ ( 6)</u>

DALTON TOWNSHIP  
Statement of Revenues and Expenditures and Changes in Fund Balance -  
Budget and Actual  
WEST LAKE WEED ERADICATION FUND  
For the Year Ended March 31, 2006

	<u>Budget</u>	<u>Actual</u>	Variance - favorable (unfavorable)
REVENUES:			
Special assessments levied	\$8,500	\$8,626	\$ 126
Interest	<u>25</u>	<u>84</u>	<u>59</u>
TOTAL REVENUES	<u>8,525</u>	<u>8,710</u>	<u>185</u>
 EXPENDITURES:			
Weed spraying	3,000	5,585	(2,585)
Miscellaneous	<u>800</u>	<u>-</u>	<u>800</u>
TOTAL EXPENDITURES	<u>3,800</u>	<u>5,585</u>	<u>(1,785)</u>
	4,725	3,125	(1,600)
OTHER FINANCING SOURCES (USES):			
Transfer from other fund	<u>1,000</u>	<u>1,000</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,725	4,125	(1,600)
 FUND BALANCE - APRIL 1, 2005	<u>1,790</u>	<u>1,790</u>	<u>-</u>
 FUND BALANCE - MARCH 31, 2006	<u>\$7,515</u>	<u>\$5,915</u>	<u>\$(1,600)</u>

DALTON TOWNSHIP  
Statement of Revenues and Expenditures and Changes in Fund Balance -  
Budget and Actual  
NORTH LAKE WEED ERADICATION FUND  
For the Year Ended March 31, 2006

	<u>Budget</u>	<u>Actual</u>	Variance - favorable (unfavorable)
REVENUES:			
Special assessments levied	\$6,200	\$6,300	\$ 100
Interest	<u>25</u>	<u>43</u>	<u>18</u>
TOTAL REVENUES	<u>6,225</u>	<u>6,343</u>	<u>118</u>
EXPENDITURES:			
Weed spraying	3,500	5,043	(1,543)
Miscellaneous	<u>600</u>	<u>-</u>	<u>600</u>
TOTAL EXPENDITURES	<u>4,100</u>	<u>5,043</u>	<u>( 943)</u>
	2,125	1,300	( 825)
OTHER FINANCING SOURCES (USES):			
Transfer from other fund	<u>1,000</u>	<u>2,550</u>	<u>1,550</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,125	3,850	725
FUND BALANCE - APRIL 1, 2005	<u>151</u>	<u>151</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2006	<u>\$3,276</u>	<u>\$4,001</u>	<u>\$ 725</u>

DALTON TOWNSHIP  
Combining Balance Sheet  
NON-MAJOR GOVERNMENTAL FUNDS - DEBT SERVICE  
March 31, 2006

	<u>Central Fire Station</u>	<u>Page Road</u>	<u>Dalson Road</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$97	\$480	\$ 929
Special assessments receivable	<u>-</u>	<u>-</u>	<u>1,938</u>
	<u>\$97</u>	<u>\$480</u>	<u>\$2,867</u>
 <u>LIABILITIES AND FUND EQUITY</u>			
Accounts payable	\$ -	\$ -	\$ -
Deferred revenue	-	-	1,292
Fund balance	<u>97</u>	<u>480</u>	<u>1,575</u>
	<u>\$97</u>	<u>\$480</u>	<u>\$2,867</u>

<u>Strand Road</u>	<u>Williamson Sewer</u>	<u>TOTAL</u>
\$26,352	\$ 8,528	\$ 36,386
<u>52,154</u>	<u>37,752</u>	<u>91,844</u>
<u>\$78,506</u>	<u>\$46,280</u>	<u>\$128,230</u>

\$ -	\$ 1,334	\$ 1,334
39,171	30,800	71,263
<u>39,335</u>	<u>14,146</u>	<u>55,633</u>
<u>\$78,506</u>	<u>\$46,280</u>	<u>\$128,230</u>

DALTON TOWNSHIP  
Combining Statement of Revenues and Expenditures and Changes in Fund Balance  
NON-MAJOR GOVERNMENTAL FUNDS - DEBT SERVICE  
For the Year Ended March 31, 2006

	<u>Central Fire Station</u>	<u>Page Road</u>	<u>Dalson Road</u>
REVENUES:			
Interest earned	\$ -	\$ 2	\$ -
Interest on special assessments	-	4	207
Special assessments levied	-	-	646
Miscellaneous	<u>15</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES	<u>15</u>	<u>6</u>	<u>853</u>
EXPENDITURES:			
Debt service -			
Principal	-	71	-
Interest and fiscal charges	<u>-</u>	<u>4</u>	<u>-</u>
TOTAL EXPENDITURES	<u>-</u>	<u>75</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	15	(69)	853
FUND BALANCE - APRIL 1, 2005	<u>82</u>	<u>549</u>	<u>722</u>
FUND BALANCE - MARCH 31, 2006	<u>\$97</u>	<u>\$480</u>	<u>\$1,575</u>

<u>Strand Road</u>	<u>Williamson Sewer</u>	<u>TOTAL</u>
\$ 1,212	\$ -	\$ 1,214
4,156	1,824	6,191
8,730	6,160	15,536
<u>-</u>	<u>-</u>	<u>15</u>
<u>14,098</u>	<u>7,984</u>	<u>22,956</u>
20,000	880	20,951
<u>5,870</u>	<u>-</u>	<u>5,874</u>
<u>25,870</u>	<u>880</u>	<u>26,825</u>
(11,772)	7,104	(3,869)
<u>51,107</u>	<u>7,042</u>	<u>59,502</u>
<u>\$39,335</u>	<u>\$14,146</u>	<u>\$55,633</u>



DALTON TOWNSHIP  
Statement of Revenues and Expenditures and Changes in Fund Balance -  
Budget and Actual  
DEBT SERVICE FUND - CENTRAL FIRE STATION  
For the Year Ended March 31, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>
REVENUES:			
Miscellaneous	<u>\$-</u>	<u>\$15</u>	<u>\$15</u>
TOTAL REVENUES	<u>-</u>	<u>15</u>	<u>15</u>
 EXPENDITURES			
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	15	15
 FUND BALANCE - APRIL 1, 2005	<u>82</u>	<u>82</u>	<u>-</u>
 FUND BALANCE - MARCH 31, 2006	<u><u>\$82</u></u>	<u><u>\$97</u></u>	<u><u>\$15</u></u>

A zero budget was adopted for this fund.

DALTON TOWNSHIP  
Statement of Revenues and Expenditures and Changes in Fund Balance -  
Budget and Actual  
DEBT SERVICE FUND - PAGE ROAD  
For the Year Ended March 31, 2006

	Budget	Actual	Variance - favorable (unfavorable)
REVENUES:			
Interest earned	\$ 58	\$ 2	\$( 56)
Interest on special assessments	2	4	2
Special assessments levied	<u>854</u>	<u>-</u>	<u>(854)</u>
TOTAL REVENUES	<u>914</u>	<u>6</u>	<u>(908)</u>
EXPENDITURES:			
Debt service -			
Principal	854	71	783
Interest	<u>60</u>	<u>4</u>	<u>56</u>
TOTAL EXPENDITURES	<u>914</u>	<u>75</u>	<u>839</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(69)	( 69)
FUND BALANCE - APRIL 1, 2005	<u>549</u>	<u>549</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2006	<u>\$549</u>	<u>\$480</u>	<u>\$( 69)</u>

DALTON TOWNSHIP  
Statement of Revenues and Expenditures and Changes in Fund Balance -  
Budget and Actual  
DEBT SERVICE FUND - DALSON ROAD  
For the Year Ended March 31, 2006

	Budget	Actual	Variance - favorable (unfavorable)
REVENUES:			
Interest earned	\$258	\$ -	\$(258)
Interest on special assessments	3	207	204
Special assessments levied	<u>646</u>	<u>646</u>	<u>-</u>
TOTAL REVENUES	<u>907</u>	<u>853</u>	<u>( 54)</u>
EXPENDITURES:			
Debt service -			
Principal	646	-	646
Interest	<u>261</u>	<u>-</u>	<u>261</u>
	<u>907</u>	<u>-</u>	<u>907</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	853	853
FUND BALANCE - APRIL 1, 2005	<u>722</u>	<u>722</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2006	<u><u>\$722</u></u>	<u><u>\$1,575</u></u>	<u><u>\$ 853</u></u>

DALTON TOWNSHIP  
Statement of Revenues and Expenditures and Changes in Fund Balance -  
Budget and Actual  
DEBT SERVICE FUND - STRAND ROAD  
For the Year Ended March 31, 2006

	<u>Budget</u>	<u>Actual</u>	Variance - favorable (unfavorable)
REVENUES:			
Interest earned	\$ 1,212	\$ 1,212	\$ -
Interest on special assessments	-	4,156	4,156
Special assessments levied	<u>8,337</u>	<u>8,730</u>	<u>393</u>
TOTAL REVENUES	<u>9,549</u>	<u>14,098</u>	<u>4,549</u>
EXPENDITURES:			
Debt service -			
Principal		20,000	
Interest		<u>5,870</u>	
TOTAL EXPENDITURES		<u>25,870</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	(16,321)	(11,772)	4,549
FUND BALANCE - APRIL 1, 2005	<u>51,107</u>	<u>51,107</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2006	<u>\$34,786</u>	<u>\$39,335</u>	<u>\$4,549</u>

DALTON TOWNSHIP  
Statement of Revenues and Expenditures and Changes in Fund Balance -  
Budget and Actual  
DEBT SERVICE FUND - WILLIAMSON SEWER  
For the Year Ended March 31, 2006

	Budget	Actual	Variance - favorable (unfavorable)
REVENUES:			
Interest on special assessments	\$ 2,000	\$ 1,824	\$ ( 176)
Special assessments levied	8,000	6,160	(1,840)
Miscellaneous	<u>\$ 4,320</u>	<u>\$ -</u>	<u>(4,320)</u>
TOTAL REVENUES	<u>14,320</u>	<u>7,984</u>	<u>(6,336)</u>
EXPENDITURES:			
Miscellaneous	2,184	-	2,184
Debt service -			
Principal	8,000	880	7,120
Interest	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>10,184</u>	<u>880</u>	<u>9,304</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,136	7,104	2,968
FUND BALANCE - APRIL 1, 2005	<u>7,042</u>	<u>7,042</u>	<u>-</u>
FUND BALANCE - MARCH 31, 2006	<u>\$11,178</u>	<u>\$14,146</u>	<u>\$ 2,968</u>

DALTON TOWNSHIP  
Combining Balance Sheet  
AGENCY FUNDS  
March 31, 2006

	<u>Agency Funds</u>				
	<u>Water Trust</u>	<u>Sewer Trust</u>	<u>Trust Fund</u>	<u>Tax Collection</u>	<u>TOTAL</u>
<u>ASSETS</u>					
Cash	\$46	\$4,050	\$17,965	\$4,759	\$26,820
Due from other funds	<u>28</u>	<u>-</u>	<u>400</u>	<u>-</u>	<u>428</u>
	<u>\$74</u>	<u>\$4,050</u>	<u>\$18,365</u>	<u>\$4,759</u>	<u>\$27,248</u>
 <u>LIABILITIES</u>					
Accounts payable	\$-	\$ -	\$ 1,500	\$ 100	\$ 1,600
Due to other funds	-	878	4,354	4,659	9,891
Due to other governments	<u>74</u>	<u>3,172</u>	<u>12,511</u>	<u>-</u>	<u>15,757</u>
	<u>\$74</u>	<u>\$4,050</u>	<u>\$18,365</u>	<u>\$4,759</u>	<u>\$27,248</u>

DALTON TOWNSHIP  
Combining Statement of Changes in Assets and Liabilities  
AGENCY FUNDS  
For the Year Ended March 31, 2006

	Balance <u>April 1, 2005</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>March 31, 2006</u>
<u>ASSETS</u>				
Cash -				
Tax Collection	\$ 968	\$6,189,521	\$6,185,730	\$ 4,759
Sewer - Trust and Agency	4,027	23	-	4,050
Water - Trust and Agency	74	1,232	1,260	46
Trust and Agency	18,558	99,505	100,098	17,965
Due from other funds	<u>400</u>	<u>28</u>	<u>-</u>	<u>428</u>
	<u>\$24,027</u>	<u>\$6,290,309</u>	<u>\$6,287,088</u>	<u>\$27,248</u>

<u>LIABILITIES</u>				
Accounts payable	\$ 2,268	\$ 79,521	\$ 80,189	\$ 1,600
Due to other funds	4,046	623,201	617,356	9,891
Due to other governments	<u>17,713</u>	<u>5,587,587</u>	<u>5,589,543</u>	<u>15,757</u>
	<u>\$24,027</u>	<u>\$6,290,309</u>	<u>\$6,287,088</u>	<u>\$27,248</u>

**RICHARD B. PARKER, CPA, PC**  
**CERTIFIED PUBLIC ACCOUNTANT**  
**2264 EAST MEINERT**  
**HOLTON, MICHIGAN 49425**

**(231)893-3178**

Honorable Supervisor and Members  
of the Township Board  
Township of Dalton  
Muskegon County, Michigan

In planning and performing my audit of the financial statements of the Township of Dalton, Muskegon County, Michigan, for the year ended March 31, 2006, considered its internal control in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control. However, I noted certain matters involving the internal control and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control that, in my judgment, could adversely affect the township's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The matters noted are only those that came to my attention and, had my procedures in internal control related matters been more extensive, other matters might have been noted. The functioning of the internal control was assessed at a point in time, and no assurances can be drawn that the internal control is functioning or will continue to function beyond the point in time at which it was assessed. No opinion is being expressed regarding the internal control taken as a whole.

My consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily disclose all matters that might be reportable conditions. In addition, because of inherent limitations in internal control, errors or fraud may occur and not be detected by such controls.

It is the responsibility of the Township's administration and governing body to resolve these matters. I would be pleased to assist the Township in resolving these matters, which would be undertaken as a separate engagement.

**PRIOR YEAR COMMENTS AND RESOLUTION:**

1. The building inspector was hired as an independent contractor. However, certain activities observed while performing the audit make it appear the building inspector may be performing certain functions of an employee instead of an independent contractor, which could result in the assessment of various payroll taxes and various other legal implications of which your attorney can advise.

The Internal Revenue Code contains various provisions to determine the classification of workers as employee versus independent contractor. The Township should determine how the building inspector should be classified and then proceed to establish the appropriate relationship with the building inspector in accordance with provisions of the Internal Revenue Code.

**RESOLUTION - Resolved -** The Township's former attorney has reviewed this matter and has issued his opinion that the building inspector is an independent contractor.



PRIOR YEAR COMMENTS AND RESOLUTION (CONTINUED):

2. With the information available to me, I could not determine if the Township had confirmed the Strand Road Special Assessment Roll. Resolution #5 concerning this special assessment was approved November 6, 2000, however, a copy of Resolution #5 could not be found.

The Township should determine if the Strand Road Special Assessment has been confirmed. It should then determine the correct amount to be confirmed, because at November 6, 2000 it was thought the resident's share would be approximately \$174,000. However, when the project was completed it was determined the special assessment roll was approximately \$106,000. Any necessary corrections should be made.

RESOLUTION - None.

3. The Township Ordinance regarding medical insurance coverage for "retired" Township officials and employees does not define "medical insurance coverage" or "retiree". In the past it was used to pay medical insurance premiums. However, it is now being used to cover dental and vision insurance premiums.

The Township should determine, and define, what it considers "medical insurance coverage" and "retiree".

RESOLUTION - The township is currently in the process of revising this ordinance. The revised version provided to me appears to be clear as to the definition of medical insurance, however it does not appear to be clear as to the definition of a "retiree".

4. The Township did not confirm the Williamson Road Sewer Special Assessment roll.

The township should request a legal opinion concerning the propriety of the Williamson Road Sewer Special Assessment roll.

RESOLUTION - None

5. During the audit of March 31, 2003 it was noted that the township paid approximately \$2,800 for private road maintenance.

The township should not pay to maintain private roads because they are not township property.

RESOLUTION - None. The township should obtain a legal opinion concerning the maintenance of private roads.

**PRIOR YEAR COMMENTS AND RESOLUTION (CONTINUED):**

6. During the year ended March 31, 2004 Dalson Road Debt Retirement and Page Road Debt Retirement did not make their payment due to the General Fund on their loans.

The Dalson and Page Road Debt Retirement Funds should pay the required yearly payment to the General Fund.

**RESOLUTION** - Payment was made for both the prior year and the current year for Page Road Debt Retirement Fund however, Dalson Road Debt Retirement Fund did not make a current year payment.

7. During the year ended March 31, 2004 several duplicate payments were noted. This occurred because one payment was made from an invoice and the other was made from a statement. Most overpayments were subsequently credited to the Township, however, it could not be determined if one vendor did credit the overpayment to the township's account.

Only original invoices should be paid. Payments should not be authorized from statements or, except in rare instances, copies of invoices. Invoices should also be examined for a previous, unpaid balance.

**RESOLUTION** - None. Duplicate payments were observed during the current year. The Clerk has informed me that her office has worked diligently on this matter during the current fiscal year and she believes this matter has improved.

8. The Township has not distributed trailer park fees and delinquent personal property taxes collected in a timely manner to other various units of local government.

The Township should distribute trailer park fees and delinquent personal property taxes as they are collected.

**RESOLUTION** - Trailer park fees and delinquent personal property taxes are being paid however, this matter is not completely resolved and more work is required.

9. At March 31, 2004 the imprest payroll bank account has a balance of approximately \$11,000 (\$9,600 at March 31, 2005 and \$3,300 at March 31, 2006). This bank account should have a small balance which is consistently maintained (only enough to keep the bank account open).

This large balance is created by withholding various items from employees pay checks, such as fire uniforms and cell phones, and not distributing those items withheld to the proper fund that actually paid for the fire uniform, cell phones, etc.

The Township should determine the required distribution of this excess balance and distribute the money accordingly.

**RESOLUTION** - Approximately \$4,800 was distributed subsequent to March 31, 2005. However, more work is required on this matter

PRIOR YEAR COMMENTS AND RESOLUTION (CONTINUED):

10. It was noted that third party billing in the Fire Operating Fund was significantly lower in the fiscal year ended March 31, 2005 than provided in the budget and also when compared to the two previous fiscal years.

The Township Board should request an explanation for this decrease.

RESOLUTION - None.

11. The Williamson Road sewer system has been in operation for approximately two years. The sewer service has not been billed to the residents.

The Township should commence billing the residents for sewer service immediately. Further, the residents should be retroactively billed for all unpaid sewer service since inception.

RESOLUTION - The Township commenced billing the residents for sewer service, however, not retroactively.

If the residents are not going to be billed retroactively to the time their service began it should be approved by the Board and documented in the minutes.

12. The Township adopted a deficit budget in the West Lake Weed Control, North Lake Weed Control and Lakeshore Road Debt Service Fund.

The Township should not adopt a budget that indicates budgeted expenses in excess of budgeted revenue and fund balance.

RESOLUTION - A deficit budget was not adopted in any fund for the current year.

13. The Township has adopted a medical reimbursement plan. According to the information given to me this plan is to cover non generic prescription medication only.

It does not appear that this plan only covers non generic prescription medication, however, only your attorney is qualified to render an opinion on this legal document. The Township Board should request an opinion from the attorney concerning the medical reimbursement plan.

RESOLUTION - None.

14. Several of the above comments have been noted in the past without resolution.

The Township Board should take the necessary steps to resolve each comment.

#### CURRENT YEAR COMMENTS

1. During a review of the Township Board minutes it was noted that a specific amount of money would be received for a specified activity. The money was not received and, upon inquiry, it was disclosed that this money will not be received.

When the minutes indicate a receipt of money will occur and it is later determined that it will not be received it should be documented in the minutes that the money will not be received.

2. The Township board approved amendment of budgeted expenditures for the fiscal year ended March 31, 2006 at it's Board meeting on March 31, 2006.

The Uniform Budgeting and Accounting Act, requires that budgeted expenditures not be exceeded. If it is determined that a budgeted expenditure will be exceeded, it is required that the budget be amended prior to incurring the expenditure. By amending your budget on March 31, 2006 to cover over expenditures it is clear that the Township is not in compliance with the Act.

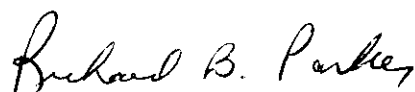
The Township should develop budgetary control procedures for the budgetary funds which will ensure that expenditures do not exceed amounts authorized in the General Appropriations Act or amendments thereof.

3. At March 31, 2006, the General Fund's general ledger account for cash in the payroll bank account required a negative adjustment of approximately \$14,000 to agree with the bank reconciliation.

The activity in the payroll bank account should be reconciled to the general ledger activity each month. Any variances should be corrected immediately.

The Township Board should request an explanation for this adjustment.

This report is intended solely for the information and use of the Township Board, and the Michigan Department of Treasury and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountant